

CONCORDIA UNIVERSITY
BOARD OF GOVERNORS
CONCORDIA EMPLOYEE BENEFITS COMMITTEE

Meeting of November 8, 1982

Attendance: Chairman, Mr. G. Fisher, Prof. L. Bessner, Dr. J. Daniels, Mr. R. Doutre, Prof. G. Martin, Prof. H. Ripstein, Mr. B. Smart, Miss D. Johnson, Mr. M. Hamilton of William M. Mercer Ltd. and Mr. D. Williams of Beutel Goodman.

Regrets: Mr. M.J. Bourgault and Mr. R.K. Groome.

Investment Review - Beutel Goodman

Mr. David Williams provided an overview of the economic situation from the perspective of Beutel Goodman. He reminded Committee members that the Wood Gundy report reflected data at the end of June and the current data reflected a significantly improved market.

There have not been too many changes in the U.S. economy which hit bottom at the second quarter and has shown an incipient trend towards improvement. Corporate profits are down 15% this year but a rebound of the same magnitude is expected in the next year.

On the Canadian side we won't see much recovery until the first quarter of '83 but there are some positive factors which could reflect profitability on a lower turnover. Inventories have been well controlled while maintaining rapid deliveries and although metal commodities have been weak, inventories are low and demands will rise once there is an upward trend. Unemployment will remain high but wage demands are beginning to moderate. The Canadian dollar has stopped declining and this should lead to lower levels of inflation.

The Bond market has produced some surprising results and if we measured now the results would be very different from June.

In the Equity market U.S. common stocks are cheap and a fully invested position has been maintained. The Canadian market is more cyclical and cash reserves have been maintained. Beutel Goodman would rather run the risk of the Equity market declining than trade out and miss the good market of '83 and beyond. They hope to have opportunities to buy at low prices, riding the upward move on bond prices and then moving into the Equity break.

The Concordia portfolio is presently at 57% Fixed Income and 43% Equity but Beutel Goodman wants to become more fully invested in Equity, moving 7% from Fixed Income into Equity.

The building blocks for recovery are now in place and although the cutbacks and shutdowns have been negative in the short run the fundamentals for long term recovery are there.

Mr. Williams quoted some performance statistics which have been reported for every time period since the beginning of the century, common stocks have outperformed inflation 75% of the time, high grade bonds 47% of the time.

	<u>Stocks</u>	<u>High Grade Bonds</u>
10 Year Time Periods	87%	43%
15 Year Time Periods	92%	44%
20 Year Time Periods	100%	37%

Since pension liabilities are long term in nature the investment counsellors must make the strategic decisions to be in or out of a particular market and the inclination to look at the last 12 months can be dangerous. Most of the time investment managers should be doing the opposite of the current trend.

Minutes of the Meetings of September 29, October 20 and October 25, 1982.

Prof. Bessner asked for a clarification of the Board's mandate to the Benefits Committee regarding Loyola Past Service and asked if it wasn't more than a progress report which was requested.

The Chairman responded that a progress report had been requested for the next meeting of the Board and the Benefits Committee was also to determine:

- 1) The estimated cost of funding Loyola Past Service.
and
- 2) Recommend a means of funding the liability.

An official copy of the minutes of the Board meeting will be obtained and added to the minutes of the meeting of October 25, 1982. The last sentence on page 2 will be amended.

Prof. Ripstein proposed the adoption of the minutes, Prof. Bessner seconded, as amended, and the motion carried.

Pension Plan Evaluation Results (Appendix A)

Mr. Hamilton reviewed the evaluation results and noted that since the faculty agreement was not yet signed the projected salary liability in the pension plan will move up.

Mr. Hamilton noted that the backlog of earned benefit created by a retroactive salary settlement would have a primary effect on the pension plan.

The Concordia plan is an immature one with a very strong cash flow and few pensioners.

Mr. Smart asked if approximately 0.6% for expenses was normal. Mr. Hamilton noted that most organizations paid the expenses directly but Concordia's expenses were not unreasonable.

The funding method has not been changed and the assumptions include a 5% contin-

gency margin as a prudent measure.

The funding target is an important consideration in that most employees will fund pension policy in good times and minimum requirements in bad economic circumstances.

Prof. Bessner noted that current service contributions were greater than necessary. Prof. Martin indicated that the University would continue the current level of contributions as a conservative measure.

Prof. Martin asked if an evaluation report would follow and Mr. Hamilton noted that the Cost Certificate would have to be filed with the Quebec Pension Board.

Bill 15 Amendments - (Revised Drafts - 2 sets)

Mr. Hamilton noted that two sets of amendments had been prepared to cover whether or not members continue to participate beyond Normal Retirement Date.

Participation beyond Normal Retirement Date was discussed and Prof. Ripstein proposed a motion that the Committee adopt the second set of amendments which provide for continuing participation after Normal Retirement Date. The motion was seconded by Mr. Waters and unanimously carried. It was noted that the information will be communicated to the participants and any feedback will be passed back to the Committee. The amendments must be submitted for the approval of the Board at the December meeting to meet the obligations of Bill 15. (Set #2 - Appendix B)

Loyola Past Service

The Chairman advised the Committee members that Mercers were performing the cost estimates to determine how expensive and extensive the past service benefit is. In addition the Chairman would like to review the question of perceived unequal treatment.

Prof. Bessner pointed out that the former Loyola Pension Plan members perceived universality of all conditions including work load, fringe benefits and salary.

The Chairman noted that this topic would be discussed at length when more information is available from Mercers.

Ad Hoc Pension Supplements

Mr. Hamilton pointed out that the plan is financially in a position to provide for improved payments to pensioners.

Mr. Smart reminded Committee that the excess interest formula provided for a 9% adjustment whereas the formula reflecting 50% of increases in CPI produced a 12.4% adjustment.

Mr. Hamilton noted that it would not be unreasonable to consider the 12.4% adjustment, particularly in view of the fund's current financial status.

Prof. Martin noted that there were no minimums or maximums suggested with the excess interest approach. Mr. Hamilton responded that this approach is not intended to make adjustments for low income levels, the adequacy of pension incomes should be studied separately.

Mr. Smart proposed that the following motion be submitted to the Board of Governors for approval:

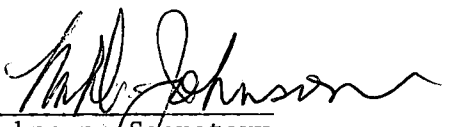
RESOLVED THAT effective June 1, 1982 an ad hoc pension supplement of 12.4% be paid to those members of the pension plan who retired prior to January 1, 1980. For those members who retired after January 1, 1980 a pro-rated amount of the supplement should be paid.

Mr. Waters seconded the motion and it was carried. Prof. Bessner noted that he was in favour of recommending increases to the pensioners but was not satisfied that the Loyola situation had been clarified.

Mr. Hamilton asked for clarification of the pension base on which to determine the supplement. It was agreed that previous practice, of applying the supplement to the current total University pension including the previous ex-gratia adjustments, would be used in the application of the current supplement.

The meeting adjourned at 2:55 p.m.

Respectfully submitted,


Dawn Johnson, Secretary